



City of Santa Clara

Meeting Agenda

Audit Committee

Monday, March 17, 2025

4:00 PM

Hybrid Meeting
Council Conference Room/Virtual
City Hall - East Wing
1500 Warburton Avenue
Santa Clara, CA 95050

Committee Member Chahal will be participating remotely from the following location:
Hotel Antilia by Zion
NH-44, Ambala - Delhi Rd, Bahalgarh, Joshi Chohan, Sonipat, Haryana 131021 India

The City of Santa Clara is conducting the Audit Committee meetings in a hybrid manner (in-person and continues to have methods for the public to participate remotely).

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join: <https://santaclaraca.zoom.us/j/99199624617>

Webinar ID: 991 9962 4617

Or join by phone:

US: +1 669 900 6833

CALL TO ORDER AND ROLL CALL

CONSENT CALENDAR

1. 25-321 [Action on Audit Committee Minutes of November 21, 2024](#)

Recommendation: Approve the Audit Committee minutes of November 21, 2024.

PUBLIC PRESENTATIONS

[This item is reserved for persons to address the body on any matter not on the agenda that is within the subject matter jurisdiction of the body. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting.]

GENERAL BUSINESS

2. **25-322** [Overview of the Single Audit Report for Fiscal Year Ended June 30, 2024](#)

Recommendation: Accept the Single Audit Report for Fiscal Year Ended June 30, 2024 and recommend that the reports are forwarded to note and file to the full Council at the March 25, 2025 Council and Authorities Concurrent meeting.

ADJOURNMENT

Future Audit Committee Meetings will be scheduled at a later date.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
@SantaClaraCity

Agenda Report

25-321

Agenda Date: 3/17/2025

REPORT TO AUDIT COMMITTEE

SUBJECT

Action on Audit Committee Minutes of November 21, 2024

RECOMMENDATION

Approve the Audit Committee minutes of November 21, 2024.



City of Santa Clara

Meeting Minutes

Audit Committee

11/21/2024

9:00 AM

Hybrid Meeting
CMO Sparacino Conference Room/Virtual
City Hall - East Wing
1500 Warburton Avenue
Santa Clara, CA 95050

**Committee Member Jain will be participating remotely from the following location:
VTA Administrative Offices - 3331 N First Street, San José, California 95134
Training Lab B, Building B, First Floor**

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Please click this URL to join: <https://santaclaraca.zoom.us/j/99199624617>

Webinar ID: 991 9962 4617

Or join by phone:

US: +1 669 900 6833

CALL TO ORDER AND ROLL CALL

Chair Watanabe called the meeting to order at 9:11 AM.

A motion was made by **Member Park** and seconded by **Chair Watanabe** to excuse **Member Jain** from the meeting.

Present 2 - Chair Kathy Watanabe, and Member Kevin Park

Excused 1 - Member Suds Jain

CONSENT CALENDAR

1. [24-1110](#) Action on Audit Committee Minutes of September 17, 2024

Recommendation: Approve the Audit Committee minutes of September 17, 2024.

A motion was made by Member Park, seconded by Chair Watanabe, to approve the Audit Committee Minutes of September 17, 2024.

Aye: 2 - Chair Watanabe, and Member Park

Excused: 1 - Member Jain

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

2. [24-1109](#) Overview of the Draft City of Santa Clara Audited Annual Comprehensive Financial Report (ACFR) and Audited Silicon Valley Power (SVP) Financial Statements for Fiscal Year Ended June 30, 2024

Recommendation: Accept the City of Santa Clara Audited Annual Comprehensive Financial Report and Silicon Valley Power Financial Statements for Fiscal Year Ended June 30, 2024 and recommend that the reports are forwarded for note and file to the full Council at the December 3, 2024 Council and Authorities Concurrent meeting.

Director Kenn Lee gave a Powerpoint presentation.

Auditor Amy Meyer, Maze & Associates, gave a Powerpoint presentation.

Committee Members' questioned and commented throughout the presentation.

Director Lee, Auditor Meyer, and Assistant Director Linh Lam addressed the Committee Members' questions and comments.

A motion was made by Member Park, seconded by Member Watanabe, to accept the City of Santa Clara Audited Annual Comprehensive Financial Report and Silicon Valley Power Financial Statements for Fiscal Year Ended June 30, 2024 and recommend that the reports are forwarded for note and file to the full Council at the December 3, 2024 Council and Authorities Concurrent meeting.

Aye: 2 - Chair Watanabe, and Member Park

Excused: 1 - Member Jain

ADJOURNMENT

Chair Watanabe adjourned the meeting at 9:56 AM.

Future Audit Committee Meetings will be scheduled at a later date.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

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Agenda Report

25-322

Agenda Date: 3/17/2025

REPORT TO AUDIT COMMITTEE

SUBJECT

Overview of the Single Audit Report for Fiscal Year Ended June 30, 2024

BACKGROUND

City Charter Section 1319 requires that an independent certified public accountant (CPA) audit the City's records and accounts on an annual basis. In compliance with the Charter, the City engaged the audit firm of Maze & Associates to perform an independent audit of the City's financial statements.

The City's annual financial statement audit also includes the federally mandated "Single Audit" which is designed to meet the special reporting requirements of federal granting agencies, specifically Office of Management and Budget (OMB) Uniform Guidance 2.CFR.200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (formerly OMB A-133). The standards governing Single Audit engagements require that agencies expending more than \$750,000 in federal monies in a fiscal year have an independent audit not only on the fair presentation of the financial statements, but also on internal controls for compliance with the administrative requirements of federal awards.

DISCUSSION

The role of the Audit Committee (Committee) is to provide oversight of the City's financial reporting processes, internal controls, and independent auditors. Amy Meyer, Audit Partner, from Maze & Associates will present the audit process and scope of work, as well as the audit results to the Committee (attachment 1). In addition, City staff will be present to address questions and the results of the audit.

Attached is the Single Audit report for FY 2023-24 (attachment 2). Maze & Associates identified the Homeland Security - Staffing for Adequate Fire and Emergency Response Grant and the California Governor's Office of Emergency Services Pass-Through Disaster Grant for Public Assistance as the major programs to audit. The single audit yielded an unmodified or clean opinion. The financial statement audit also yielded an unmodified or clean opinion, however there was a financial statement finding regarding internal control over financial reporting. This was corrected through the year-end financial statement process in September 2024 as noted in the Corrective Action Plan (attachment 3).

Additionally, part of the annual requirements for the Single Audit is to report on the status of any audit findings that were identified during the previous year. The Single Audit for FY 2022-23 resulted in a finding related to noncompliance with timely expenditure requirements under the Community Development Block (CDBG) program. The City's line of credit for the CDBG program was more than 1.5 times the then most recent entitlement grant. The actions staff have taken, and the status of the prior year finding are outlined in the attached Summary Schedule of Prior Audit Findings (attachment 4).

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environment Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

Costs associated with the preparation of this report are included in the City’s FY 2023-24 Adopted Operating Budget.

PUBLIC CONTACT

Public contact was made by posting the Audit Committee agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov [<mailto:clerk@santaclaraca.gov>](mailto:clerk@santaclaraca.gov) or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Accept the Single Audit Report for Fiscal Year Ended June 30, 2024 and recommend that the reports are forwarded to note and file to the full Council at the March 25, 2025 Council and Authorities Concurrent meeting.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Jovan D. Grogan, City Manager

ATTACHMENTS

1. Single Audit Presentation from Maze
2. Single Audit Report June 30, 2024
3. Single Audit Current Year Finding - Corrective Action Plan
4. Summary Schedule of Prior Audit Finding



Independent Auditor Presentation
Single Audit
For the Fiscal Year Ended June 30, 2024

Audit Committee

March 17, 2025

Amy L. Meyer, CPA
Partner

What is a Single Audit?

- ▶ Ensures a recipient of *federal funds* is in compliance with the federal program's requirements for how the money can be used.
- ▶ Each federal granting agency outlines specific items it feels are important for recipients to meet to ensure the successful management of the program and alignment with the legislative intent of the program.
- ▶ *One* overall audit, rather than individual audits by each granting agency (source of federal funding)
- ▶ Required when federal grant expenditures exceed \$750k in one year across *all* programs

Uniform Guidance - The overall rules

Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

▼ Subpart A Acronyms and Definitions

▼ Acronyms

§ 200.0 Acronyms.

§ 200.1 Definitions.

▶ Subpart B General Provisions

▶ Subpart C Pre-Federal Award Requirements and Contents of Federal Awards

▶ Subpart D Post Federal Award Requirements

▶ Subpart E Cost Principles

▶ Subpart F Audit Requirements

Uniform Guidance - The overall rules

- **Auditee's responsibility (UG 200.508)**

- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510

- ✓ Does it conform to 2 CFR Section 200.510?

- ✓ Are all programs identified by the Assistance Listing (AL) #?

- ✓ Identify Direct or Indirect Programs

- If it's an indirect award, has the pass-through entity and the pass-through number been identified and included?

- ✓ Identify Cluster Programs



Were expenditures in accordance with grant limitations and for allowable activities?



Was reporting accurate and timely?



Were procurement standards followed?



Were subrecipients monitored for the same?

Single Audit - Overall Objectives

- ▶ The City expended \$6.872 million across 13 programs
 - Schedule of Expenditures of Federal Awards (SEFA)
page 3 (7 of PDF)

Single Audit

Single Audit - Major Programs

- ▶ Two Tested Programs (Major Programs)
 - 97.036 - Disaster Grants - Public Assistance
 - 97.083 - Staffing for Adequate Fire and Emergency Response Grant (SAFER)

Results of Single Audit

- ▶ Current Year -
 - ▶ no federal award compliance findings

- ▶ Prior Year -
 - CDBG Program - Compliance with Timely Spending Requirements
 - Current Status included in the Separate Summary Status of Prior Year Audit Findings (SSPAF)

Single Audit Report

- ▶ Audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.
- ▶ Includes Two Audit Opinions
 - ▶ Internal Control Over Financial Reporting and on Compliance and Other Matters
Page 7 (11 of PDF)
 - ▶ Compliance for Each Major Program and on Internal Control Over Compliance
Page 9 (13 of PDF)

QUESTIONS?



“We are in the business to help our clients succeed”

CITY OF SANTA CLARA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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CITY OF SANTA CLARA
SINGLE AUDIT REPORT
For the Year Ended June 30, 2024

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CITY OF SANTA CLARA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major program(s):

Assistance Listing Number(s)	Name of Federal Program or Cluster
<u>97.036</u>	<u>Disaster Grants – Public Assistance (Presidentially Declared Disasters)</u>
<u>97.083</u>	<u>Staffing for Adequate Fire and Emergency Response Grant (SAFER)</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed a significant deficiency, but no material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated November 21, 2024 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

CITY OF SANTA CLARA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs:				
CDBG – Entitlement Grants Cluster				
Community Development Block Grant - Entitlement Grants Program Expenditure	14.218		\$295,633	\$633,611
Home Investment Partnerships Program	14.239		486,894	550,026
Total U.S. Department of Housing and Urban Development			<u>782,527</u>	<u>1,183,637</u>
U.S. Department of Justice Direct Programs:				
Equitable Sharing Program	16.922			75,839
Edward Byrne Memorial Justice Assistance Grant Program	16.738			17,289
Total U.S. Department of Justice				<u>93,128</u>
U.S. Department of Transportation Pass-Through Programs From:				
California Department of Transportation				
Highway Planning and Construction Priority Development Area Planning Assistance	20.205	CML-5019(036)		616,591
State of California Office of Traffic Safety				
Highway Safety Cluster State and Community Highway Safety	20.600	402PS-23		55,557
Total U.S. Department of Transportation				<u>672,148</u>
U.S. Department of Homeland Security:				
Direct Program:				
Federal Emergency Management Agency				
Assistance to Firefighters Grant	97.044			59,135
Pass-Through Program From:				
International Association of Fire Chiefs				
Assistant to Firefighters Grant	97.044	EMW-2019-FF-00450		88
Program Subtotal				<u>59,223</u>
Direct Program:				
Staffing for Adequate Fire and Emergency Response Grant				
	97.083			3,446,520
Pass-Through Programs From:				
California Task Force 3 Urban Search and Rescue				
National Urban Search and Rescue Response System	97.025	CA-TF3		34,025
California Governor's Office of Emergency Services				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA		1,216,196
County of Santa Clara Office of Emergency Services				
Emergency Management Performance Grants	97.042	EMF-2022-EP00005		1,920
Emergency Management Performance Grants	97.042	EMF-2023-EP00006		2,766
Program Subtotal				<u>4,686</u>
City and County of San Francisco				
Homeland Security Grant Program				
Bay Area Urban Areas Security Initiative Grant	97.067	NPP		150,000
County of Santa Clara Office of Emergency Services				
Homeland Security Grant Program	97.067	SHSGP		12,637
Program Subtotal				<u>162,637</u>
Total U.S. Department of Homeland Security				<u>4,923,287</u>
Total Expenditures of Federal Awards			<u>\$782,527</u>	<u>\$6,872,200</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF SANTA CLARA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Santa Clara, California, and its component units as disclosed in the notes to the Basic Financial Statements, except for federal awards of the Santa Clara Stadium Authority (Stadium Authority). Federal awards expended by the Stadium Authority, if any, are excluded from the Schedule and are subject to a separate Single Audit performed by other auditors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. The proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – PRIOR YEAR EXPENDITURES

The Department of Homeland Security - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL# 97.036) Program requires that expenditures under the program be reported on the Schedule when (1) the Federal Emergency Management Agency’s (FEMA) has approved the City’s project, and (2) the City has incurred the eligible expenditures. FEMA’s approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost. The City incurred expenditures related to the COVID-19 pandemic in fiscal years 2020 and 2021 that were not obligated by FEMA until fiscal year 2024. The current year Schedule includes expenditures from the prior fiscal years in the amount of \$1,216,196.

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**INDEPENDENT AUDITOR’S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND REPORT ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of Santa Clara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clara as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 21, 2024.

Our report includes a reference to other auditors who audited the financial statements of City of Santa Clara Stadium Authority for the year ended March 31, 2024 and a reference to other auditors who audited the financial statements the Northern California Power Agency, Transmission Agency of Northern California, M-S-R Energy Authority (MSR EA), M-S-R Public Power Agency (MSR PPA), and San Jose-Santa Clara Regional Wastewater Facility and Clean Water Financing Authority as of and for the year ended June 30, 2023, related to the calculation of the Investments in Joint Ventures, as described in our report on the City’s financial statements. This report includes our consideration of the results of the other auditors’ testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. Our report also included an emphasis of a matter paragraph disclosing a restatement related to the accounting and reporting of leases in the Santa Clara Stadium Authority Enterprise Fund.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control . Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. The other auditors identified certain deficiencies in internal control that we consider to be significant deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated November 21, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We have also issued a separate Memorandum on Internal Control dated November 21, 2024, which is an integral part of our audit and should be read in conjunction with this report.

City’s Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in our separately issued Memorandum on Internal Control dated November 21, 2024, which is an integral part of our audit and should be read in conjunction with this report.

The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
November 21, 2024

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council
City of Santa Clara, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Santa Clara's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City of Santa Clara's basic financial statements include the operations of the Santa Clara Stadium Authority (Stadium Authority), which is not included in the Schedule during the year ended June 30, 2024. Our audit, described below, did not include the operations of the Stadium Authority, because the Stadium Authority engaged other auditors.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 21, 2024, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the City of Santa Clara Stadium Authority for the year ended March 31, 2024 and a reference to other auditors who audited the financial statements the Northern California Power Agency, Transmission Agency of Northern California, M-S-R Energy Authority (MSR EA), M-S-R Public Power Agency (MSR PPA) and San Jose-Santa Clara Regional Wastewater Facility and Clean Water Financing Authority as of and for the year ended June 30, 2023, related to the calculation of the Investments in Joint Ventures, as described in our report on the City's financial statements. Our report, in so far as it relates to the results of the other auditors, is based solely on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California
March 10, 2025

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**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2024**

CORRECTIVE ACTION PLAN

FINANCIAL STATEMENT FINDINGS – CURRENT YEAR

SCSA 2024-01 Adoption of New Accounting Pronouncements

Fiscal Year of Initial Finding: 2024

Name(s) of the contact person: Tyler Cook, Accounting Division Manager

Corrective Action Plan:

The misstatement was identified by Management through the review process and action was promptly taken to correct the misstatement and disclose the adjustment in the financial statements. This was completed in September 2024 when the Santa Clara Stadium Authority Financial Statements dated March 31, 2024 were issued.

Completion Date: September 19, 2024

FEDERAL AWARD FINDINGS – CURRENT YEAR

There are no current year federal award findings.



**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2024**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS – PRIOR AUDIT

There were no prior year financial statement findings.

FEDERAL AWARD FINDINGS – PRIOR AUDIT

Finding Reference Number: SA2023-001
Assistance Listing Number: 14.218
Assistance Listing Title: Community Development Block Grant – Entitlement Grants (CDBG)
Name of Federal Agency: U.S. Department of Housing and Urban Development (HUD)

Name(s) of the contact person: Adam Marcus, Housing & Community Services Division Manager

Fiscal Year of Initial Finding: 2022-2023

Current Status:

The City has taken corrective action related to the issues regarding this finding. The City submitted a Timeliness Workplan to HUD on December 6, 2024, outlining a sixteen-month plan with strategies and goals to spend federal funding and become compliant by May of 2026. The Workplan was approved by HUD on December 19, 2024.

The Workplan includes the following corrective actions:

- The City will process HUD drawdowns every one to two months to ensure the City is on track with its spending and to allow for faster analysis and pivots when spending is delayed.
- The City will maintain a five-year capital project schedule that tracks milestones, spending deadlines, and the cash balance for each capital project to address the accumulation of program income.
- The City will also take other additional steps outlined in the workplan to ensure it adheres to CDBG's timeliness ratio, and will continue to communicate with the San Francisco CPD Field Office as it makes progress on this sixteen-month plan.

Finding Reference Number: SA2023-001 (Continued)

In addition to the workplan, HUD recommends that the City monitor its progress, including its current program year 2024 and projected 2025 CDBG funding expenditures. Provide quarterly reports to the field office until the City's next 60-day test, to assist in reaching the 1.5 timeliness standard as proposed in the City's workout plan. The quarterly reports should compare and update the goals and benchmarks stated in the workout plan and actual accomplishments. Quarterly workout plan reports should be submitted to HUD at sfcpd@hud.gov within 15 days after the end of each federal quarter: July-September, October-December, January-March, and April-June.

Anticipated Completion Date: May 2026